

VZCZCXR06028
PP RUEHCI
DE RUEHKT #0991/01 3061036
ZNR UUUUU ZZH
P 021036Z NOV 09
FM AMEMBASSY KATHMANDU
TO RUEHC/SECSTATE WASHDC PRIORITY 0965
INFO RUEHBJ/AMEMBASSY BEIJING 7173
RUEHLM/AMEMBASSY COLOMBO 7510
RUEHKA/AMEMBASSY DHAKA 2849
RUEHIL/AMEMBASSY ISLAMABAD 5551
RUEHLO/AMEMBASSY LONDON 6658
RUEHNE/AMEMBASSY NEW DELHI 3307
RUEHCI/AMCONSUL KOLKATA 4815
RHMFIUU/CDR USPACOM HONOLULU HI
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUCNDT/USMISSION USUN NEW YORK 3703

UNCLAS SECTION 01 OF 04 KATHMANDU 000991

SIPDIS

DEPT FOR INL AND SCA/INSB

E.O. 12958: N/A

TAGS: PGOV SNAR NP

SUBJECT: NEPAL: DRAFT 2010 INTERNATIONAL NARCOTICS CONTROL STRATEGY REPORT (INCSR) PART I - NARCOTICS

REF: STATE 97228

¶1. Summary: Although Nepal is neither a significant producer of nor a major transit route for narcotic drugs, some hashish, heroin and domestically produced cannabis and opium are trafficked to and through Nepal every year. Nepal's Narcotics Drug Control Law Enforcement Unit (NDCLEU) reports that more Nepalese citizens are investing in, and taking a larger role in running, trafficking operations. Customs and border controls remain weak, but international cooperation has resulted in increased narcotics-related indictments in Nepal and abroad. Nepalese officials claim law enforcement efforts have improved in 2009 over previous years, but limited resources hinder the development of a robust counternarcotics program. Narcotics-related legislation has been pending for several years. Nepal is a party to the 1988 UN Drug Convention.

Status of Country

¶2. Police confirm the production of cannabis is on the rise in the southern areas of Nepal, most destined for the Indian market. Abuse of locally grown and wild cannabis and locally produced hashish, which are marketed in freelance operations, remains widespread. Heroin from Southwest and Southeast Asia is smuggled into Nepal across the porous border with India and through Kathmandu's international airport. Legal, medicinal drugs continue to be abused. Nepal is not a producer of chemical precursors but serves as a transit route for precursor traffic between India and China.

¶3. Monitoring and interdiction efforts have improved since the official end in 2006 of the Maoist insurgency, which had obstructed rule-of-law and counternarcotic efforts in many parts of the country. The Nepalese government has committed to enhance overall law enforcement; however, the government has given little attention to narcotics-specific initiatives.

Country Actions against Drugs in 2009

¶4. Policy initiatives: Nepal's basic drug law is the Narcotic Drugs Control Act, 2033 (1976). Under the law, the cultivation, production, preparation, manufacture, export, import, purchase, possession, sale, and consumption of most commonly abused drugs are illegal. The Narcotics Control Act, amended last in 1993, conforms in part to the 1961 UN

Single Convention on Narcotic Drugs and its 1972 Protocol by addressing narcotics production, manufacture, sales, import, and export. The government plans to amend the Act to incorporate provisions for psychotropic substances, demand reduction, treatment and rehabilitation.

¶ 15. In 2006, the Home Ministry updated its Narcotics Control National Policy. Noting the growing incidence of HIV infection among narcotics-using sex workers, abuse of narcotics and psychotropic medicines among youth, and illicit trafficking by organized crime groups, the revised policy attempts to address these concerns in a more "transparent and enforceable" manner. It consists of five strategies to control drug production, abuse and trafficking: (1) supply control, (2) demand reduction (treatment and rehabilitation and drug abuse prevention), (3) risk reduction, (4) research and development, and (5) collaboration and resource mobilization.

¶ 16. To ensure institutional support, the 2006 policy called for the creation of a Narcotics Control Bureau in the Ministry of Home Affairs that would include the NDCLEU and a Special Nepal Police Task Force trained in counternarcotics. As of November 2009, the government has not decided when or how to implement this Bureau. In addition, the National Policy restructured a high-level Narcotics Control National Guidance and Coordination Committee, chaired by the Home Minister, and a Narcotics Control Executive Committee, chaired by the Home Secretary. These entities in theory oversee all narcotics control programs, law enforcement activities, and legal reforms but appear to be more

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provisional than progressive.

¶ 17. Nepal enacted legislation on asset seizures in January 2008 and continues to implement a National Drug Abuse Control Plan (NDACP), but other proposed efforts still await legislative approval. Legislative action on mutual legal assistance and witness protection, developed as part of the NDACP, has stalled for yet another year. The government has not submitted scheduled amendments to its Customs Act to control precursor chemicals. All are pending review by the Ministry of Law and Justice. Legislation on criminal conspiracy has not yet been drafted. Police report the government plans to launch an unspecified program to improve narcotics control, but continued lack of resources and funding would render it ineffective. Narcotics officials claim Nepal's current political instability is not the primary hindrance to policy objectives; general lack of political will is.

¶ 18. In response to reports from the NDCLEU of increased trafficking and criminal behavior among tourists, the government has restricted the travel of several countries' national to Nepal. Citizens of Nigeria, Swaziland, Ghana, Zimbabwe, Iraq, Afghanistan, and residents of the Palestinian territories are unable to obtain visas on arrival. The Home Ministry and the NDCLEU reported that Nigerians in particular have traveled on false passports to Nepal, via South Africa and India, to widen their organized crime network.

¶ 19. Law Enforcement Efforts: Limited human resources and inadequate technological equipment constrain the effectiveness of the NDCLEU's intelligence and law enforcement operations. The NDCLEU and Nepal's customs and immigration services are improving coordination and cooperation. Narcotics officials admit the destruction of areas of illicit drugs cultivation is not as effective as it could be; statistical data indicate a sizeable drop in area destroyed over each year in 2009, 2008 and 2007. As of October 2009, 62 hectares of cannabis cultivation were destroyed, compared to 105 hectares in 2008, 211 hectares in 2007, and 328 hectares in 2006. In contrast, the area of opium destruction has increased. The NDCLEU reports that as of October 2009, 35 hectares of opium were destroyed,

compared to 21 hectares in 2008. Data were unavailable for 2007; in 2006, 0.5 hectare (19 plants) of opium was destroyed.

¶10. As of September 2009, police exceeded the number of arrests and drug seizures they made in all of 2008. From January - September 2009, police arrested 675 individuals (626 Nepalese citizens and 49 foreigners) on the basis of drug trafficking charges. Most of the individuals who were non-Nepalese were Indian nationals; the remainders were from Pakistan, Poland, Nigeria, Tanzania, Mozambique and Iran. No American citizens were arrested in Nepal for drug trafficking in 2009. In all of 2008, police arrested 634 individuals (562 Nepalese citizens and 72 foreigners). Local police made approximately 86 percent of the arrests in 2009, while the NDCLEU accounted for the remaining 14 percent. In the same time period, the NDCLEU and local units reportedly seized almost 16,000 kg of cannabis, a noticeable increase over the 9,613 kg seized in 2008 and twice the amount (8,093 kg) seized in 2007. The NDCLEU reports conflicting data for heroin seizures, between 14 kg and 28.8 kg for January - September 2009. Most of the seizures were of "brown sugar" -- low quality heroin smuggled from India. Police made relatively few seizures of more expensive white heroin from Afghanistan although noted an increase in 2009 in white heroin transiting Nepal to foreign markets. Most seizures of heroin and hashish occurred along the Nepal-India border, within Kathmandu, or at Kathmandu's Tribhuvan International Airport (TIA) as passengers departed Nepal. The NDCLEU reported the seizure of 255 kg of opium through September 2009, more than twice the 105 kg documented in 2008. There were no opium seizures in 2007.

¶11. Corruption: Nepal has no laws specifically targeting narcotics-related corruption by government officials,

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although provisions in both the Narcotics Control Drug Act of 1976 and Nepal's anticorruption legislation can be employed to prosecute any narcotics-related corruption. As a matter of government policy, Nepal neither encourages nor facilitates illicit production of narcotics, psychotropic drugs, or other controlled substances, nor the laundering of proceeds from illegal drug transactions.

¶12. Agreements and Treaties: Nepal is party to the 1988 UN Drug Convention, the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Nepal has signed, but has not yet ratified, the UN Convention against Transnational Organized Crime and the UN Convention against Corruption. Nepal does not have an extradition or mutual legal assistance treaties with the United States.

¶13. Cultivation/Production: Nepalese drug enforcement officials noted an increase in cannabis and illicit opium production in 2009 attributable to the failure of other crops because of poor weather and environmental conditions. Cannabis is an indigenous plant in Nepal, and cultivation of certain selected varieties is rising, particularly in the lowland region of the Terai. Small-scale cultivation of opium poppy that exists in Nepal is difficult to detect because it is intercropped among licit crops. All heroin seized in Nepal originated elsewhere. Nepal does not produce precursor chemicals. Importers of dual-use precursor chemicals must obtain a license and submit bimonthly reports on usage to the Home Ministry.

¶14. According to the Home Ministry, there have been no seizures of precursor chemicals in the past decade. There have been no reports on the illicit use of licensed, imported, dual-use precursor chemicals. Nepal is used as a transit route to move precursor chemicals between India and China. After the ratification of the SAARC Convention on Narcotics Drugs and Psychotropic Substances, which holds countries liable for policing precursor chemicals, the Home Ministry asserted control over precursor chemicals. The

NDCLEU worked with the Home Ministry to develop a voluntary code of conduct for importers, cargo shippers, couriers, manufacturers, and the pharmaceutical industry. Official implementation of the code is pending as of November 2009. Additionally, a proposed amendment to the Narcotics Drugs Control Act regarding the control and regulation of precursor chemicals remains under review.

¶15. Drug Flow/Transit: According to the NDCLEU, evidence from narcotics seizures suggests that narcotics transit Nepal from India, Pakistan and Afghanistan to other countries in the region and to China, Iran, Europe, the United States and Canada. In 2008, police for the first time seized 50 kg of phenobarbitone in transit to Pakistan and 800 grams of methamphetamine in transit to Iran. Media reports have claimed that most narcotics are bound for India, and law enforcement sources indicated that most seizures do occur at the India-Nepal border. Narcotics officials claim law enforcement efforts are improving. Nevertheless, customs and border controls are weak along Nepal's land borders with India and China, with the Indian border essentially open. Security measures to interdict narcotics and contraband at TIA and at Nepal's regional airports with direct flights to India are also inadequate. The Nepalese government, along with other governments, is working to increase the level of security at the international airport. The NDCLEU has noted an increase in arrests of Nepalese couriers in other countries in recent years as an indication that Nepalis were becoming more involved in the drug trade both as couriers and as traffickers. This also suggests that Nepal may be increasingly used as a transit point for destinations in South and East Asia, as well as in Europe. The NDCLEU has also identified the United States as a final destination for some drugs transiting Nepal, typically routed through Thailand, China and Indonesia.

¶16. Domestic Programs/Demand Reduction: The Nepalese

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government continues to implement its national drug demand reduction strategy with assistance from the United States, UNODC, donor agencies, and NGOs. Budgetary constraints and limited political interest have limited significant progress beyond donor and NGO-funded education and awareness programs.

The NDCLEU in 2009 conducted three training programs for field-level officers from a number of GON law enforcement agencies and ministries. The NDCLEU also began awareness sessions for postal and courier services.

U.S. Policy Initiatives and Programs

¶17. Policy Initiatives: U.S. policy is to strengthen Nepal's law enforcement capacity to combat narcotics trafficking and related crimes, to maintain positive bilateral cooperation, and to encourage Nepal to enact and implement appropriate laws and regulations to meet all objectives of the 1988 UN Drug Convention.

¶18. Bilateral Cooperation: Funding cuts for U.S. law enforcement assistance programs in Nepal have reduced technical support and training for police in narcotics control and related programs. Nonetheless, the United States is committed to working with Nepalese government agencies to provide expertise and training in law enforcement. Nepal exchanges drug trafficking information with regional neighbors and occasionally with destination countries in Europe in connection with international narcotics investigations and proceedings.

¶19. The Road Ahead: The United States will continue information exchanges, training, and enforcement cooperation. The United States will provide support to various parts of the legal establishment to combat corruption and improve rule of law, as well as support improvements in the Nepalese border and customs services. The United States also will encourage the Nepalese government to enact stalled drug

legislation.
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